

The Consolidation Challenge: A Survival Guide

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Michigan's Survival Guide

- ◆ The basics
- ◆ Our journey begins
- ◆ Map for success
- ◆ Treating “transformation trauma”
- ◆ Lessons Learned
- ◆ The end of our journey?



But first, let's take our pulse...

Ponder This

“If in the last few years you haven’t discarded a major opinion or acquired a new one, check your pulse. You may be dead.”

Frank Gelett Burgess (1866-1951), American designer and author of Purple Cow fame



Are you ready to begin our journey?

The Basics: Who We Are



- ◆ All IT services consolidated into a single department by Executive Order
- ◆ Funded by agencies
- ◆ Single control point for all IT spending

www.michigan.gov/dit

The Basics: What We Do

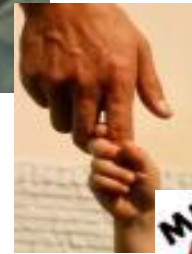
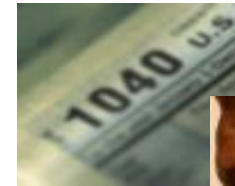
- ◆ Support and maintain the state's:
 - Over 800 critical business applications
 - 55,000 desktop computers
 - 1,305 telecommunication locations
- ◆ Provide service and consulting for 19 state agencies



Which State Services Do We Touch?

All of them! Whenever a citizen...

- ◆ Files an income tax return
- ◆ Pays or receives child support
- ◆ Wins the Lottery
- ◆ Researches schools
- ◆ Applies for a drivers license...or gets pulled over by a state trooper



...MDIT makes it happen!

The Basics: Why Consolidation?

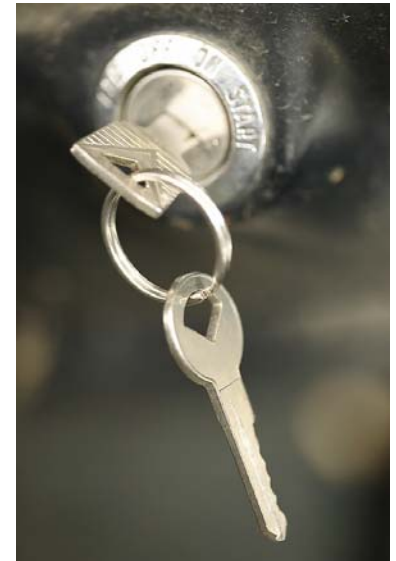
- ◆ Implement common and best practices across agencies
- ◆ Leverage technical skills and spending
- ◆ Coordinate IT policy decisions across the enterprise
- ◆ Strengthen strategic relationships with business partners



Let me tell you how we got our start...

Our Journey Began In 1992

- ◆ Executive Order created CIO position under Dept. of Management & Budget with authority to:
 - Consolidate Data Centers and WANs
 - Provide oversight and consent for state IT spending, projects and procurement
 - Set and enforce IT standards, including desktop



Biggest Initiatives

- ◆ Data Centers
 - Consolidated nine departments into a single data center
 - Expected five-year savings of \$13.3 million
- ◆ Telecommunications
 - Consolidated management of the metro-area backbone for agency access to the Internet
 - Consolidated management of the state's WANs

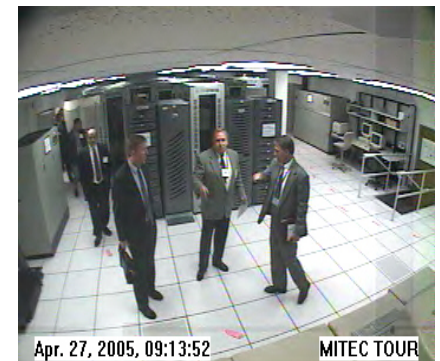


We learned a few things along the way...

Lessons Learned: Data Centers

We migrated 15 data centers to two data centers, but...

- ◆ Didn't close up server rooms
- ◆ Didn't have plan for employees displaced by change
- ◆ Didn't plan for buildings before consolidation
- ◆ Didn't educate agency clients



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Lessons Learned: Telecommunications

Consolidated management of WAN and backbone, but...

- ◆ Didn't anticipate agency resistance and the need for upper-level support
- ◆ Didn't always follow our own recommendations
- ◆ Didn't plan for long-term – space, staffing, physical inventory



Lessons Learned: Standards And Procurement

Standards in desktop, data warehouse, database were successful, but...

- ◆ Didn't have consistency in implementation
- ◆ Didn't have extensive opportunity to leverage technical resources
- ◆ Didn't have extensive opportunity to leverage contracts across agencies
- ◆ Didn't anticipate everyone wanting own Web presence

Which led to...

Consolidation of MDIT – 2002

- ◆ Centralized, strengthened IT policymaking
- ◆ Integrated IT strategic planning
- ◆ Alignment of IT initiatives/strategies with agency business needs
- ◆ Centralized IT procurement, contract management
- ◆ Full responsibility for information and communications technology operations
- ◆ Developed consolidated infrastructure

We didn't just survive, but are thriving...

Benefits

- ◆ Savings: About \$100 million
- ◆ Security
- ◆ Project management
- ◆ Control



Map For Success: How We Did It

- ◆ Leveraged technical resources
 - Data center
 - Telecom
 - Desktop
 - Technical services
- ◆ Agency-specific resources remained co-located
- ◆ Contracts
 - Renegotiate contracts
 - Contractor replacement



Impact To Agencies

They're not always happy, but:

- ◆ We deliver:
 - Child Support Enforcement Services
 - ◆ Avoided \$147 million in federal penalties
 - Federal Food Stamp Program
 - ◆ Avoided \$6 million in federal penalties



**Food
Stamps**

Impact To Citizens

- ◆ Improved service
- ◆ Single face
- ◆ Cross-agency collaboration



Even with the right plan, sometimes you encounter...

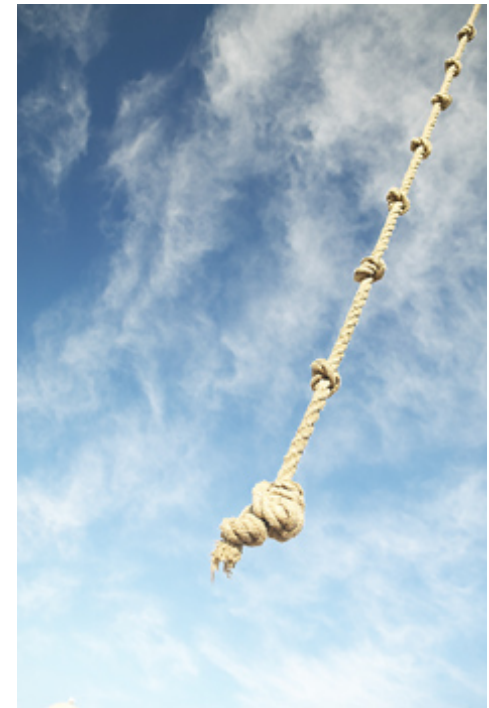
Tough Terrain

- ◆ Shrinking budgets
 - From \$465 million to \$350 million in two years
- ◆ Shrinking staffs
 - 34% reduction
- ◆ Maintaining service levels
- ◆ Moving IT forward in the state



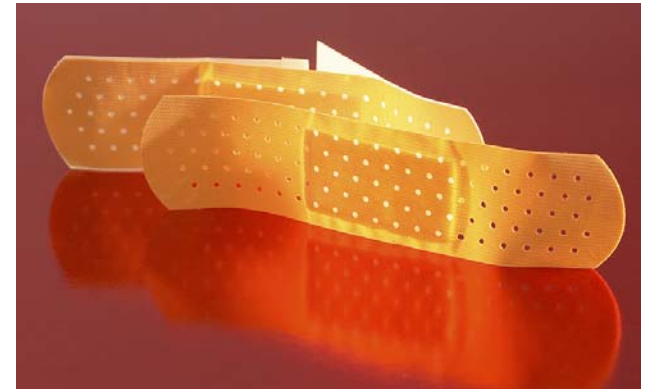
Top Ten Challenges We Faced As We Centralized

1. Transition of CIOs
2. Inconsistent personnel policies
3. Informal operating processes
4. Agency resistance
5. Employee resistance
6. Budget crisis
7. Hiring freeze
8. Early retirement
9. No legislative mandate
10. Transition of governors



Treating “Transformation Trauma”

- ◆ Things we did wrong
- ◆ Things we did right
- ◆ Things to have in place



Top Ten Things We Did *Wrong*

1. Ready...fire...aim!
2. Cut resources too quickly
3. Inexperienced executive team
4. Centralized technical staff too quickly
5. Proceeded without adequate funding model
6. Underestimated need for formal processes
7. Underestimated legislative resistance
8. Did not secure agency executive buy-in up front
9. Underestimated agency resistance
10. Underestimated employee resistance



Top Ten Things We Did *Right*

1. Didn't give in
2. Developed IT strategic plan
3. Established a strong relationship with Governor and her staff
4. Cultivated agency director relationships
5. Focused on financials
6. Undertook massive employee communication effort
7. Focused on employee morale
8. Made service delivery a priority
9. Got control of projects
10. Got control of IT spending and procurement



Top Ten Things To Have in Place Before You Centralize

1. Alternate employment – updated resume
2. Strong leadership team
3. Strong governance model
4. Solid funding model
5. Phased plan
6. Legislative support
7. Executive support
8. Assessment of cultural impacts – employees and agencies
9. Reporting structure for employees
10. Control of IT spending and contracts



Most Importantly, Remember: Transformation Is About People

- ◆ Everyone sees the benefit of common approaches
- ◆ Everyone believes that means doing it *their* way
- ◆ The answer is compromise: What can the group live with, not what is ideal.



Is This The End Of Our Journey?



Not a chance!

Beyond Survival

- ◆ 2006 Strategic Plan
 - www.michigan.gov/itstrategicplan
- ◆ 170 online services available through Michigan portal (added 40 in 2005)
 - Brown University study of state government Web sites – ranked #5
- ◆ Michigan Health Information Network

The Promise of IT, Michigan's Livin' IT

“Information technology is playing a critical role in every aspect of our work. Whether it's helping us work with local governments and the private sector to improve efficiencies or helping us create jobs through economic development initiatives, information technology is at the heart of Michigan's state government.”

Jennifer M. Granholm, Governor



Q&A

- ◆ Teri Takai, State CIO and Director, Michigan Department of Information Technology
- ◆ www.michigan.gov/dit

